

DTV Tuner Deadlines

What is wrong with the 50-percent requirement?

- Retailers, having limited shelf space, are not placing orders for integrated digital television receivers at anywhere near expectations.
- When DTV-tuner equipped receivers are displayed at retail stores next to comparable NTSC-only sets, consumers consistently prefer lower cost NTSC-only sets.
- The experience with current 50-percent requirement demonstrates that it is failing to achieve its intended purpose.

Why are sales of integrated digital sets less than hoped for?

- 85 percent of TV households rely on cable or DBS for their primary viewing, usually using associated set-top boxes, and therefore do not need a DTV tuner in their television receiver to view digital broadcast programming.
- Under these market conditions, price premiums of \$100 - \$200 for DTV tuner equipped receivers is dispositive.
- Cable industry resistance has slowed roll-out of unidirectional digital cable ready receivers, all of which include an integrated DTV tuner.

Why will sales likely lag for mid-sized integrated digital television receivers (25-36") under the future 50-percent mandate?

- Price differential will be even more pronounced. Even assuming price declines due to volume, added tuner cost may *double* cost of lower-priced sets in this size range.

Why will 100 percent requirement accelerate sales of sets equipped with DTV tuners?

- Only sets with digital tuners will be for sale.

Can manufacturers meet a 100 percent requirement for 25-36" sets sooner than March 1?

- Due to the short times involved, even the proffered March 1 was a substantial stretch. Earlier is impossible. The *most feasible* way to comply with an earlier deadline would be to move to tunerless sets – which many manufacturers are reluctant to do and which would defeat the purpose of the tuner mandate itself.

If the 50-percent requirement is deleted and the 100 percent requirement moved up to March 1, will there be no sets in the 25 – 36-inch range on retail shelves prior to March 1, 2005 (as alleged by MSTV/NAB)?

- Sets in the medium size range will be on the retail shelves. Retailers already have placed orders for receivers with integrated digital tuners in this size range.

Won't adopting the CEA-CERC proposal result in another high-volume Christmas – Super Bowl season being lost?

- No. To get analog sets out of the pipeline entirely by March 1st, manufacturing and shipments of analog sets will taper off during the late fall months and drop precipitously in the beginning of 2006, before the spike in sales that usually precedes the Super Bowl. As evidence, manufacture and shipment of sets with analog tuners in 36-inch and larger sizes are decreasing daily in contemplation of the July 2005 100 percent deadline.

Why do manufacturers and retailers continue to fight the DTV tuner mandate?

- We don't. Our proposal to repeal the 50-percent requirement is because it is *impeding* sales of sets with the DTV tuners. Our experience has demonstrated that the transition would be accelerated by repealing the 50 percent requirement and moving up the 100 percent requirement.